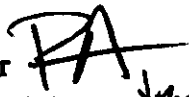



Board of County Commissioners Workshop

Date of Meeting: September 20, 2005
Date Submitted: September 15, 2005
To: Honorable Chairman and Members of the Board
From: Parwez Alam, County Administrator 
Vincent Long, Assistant County Administrator 
Subject: Workshop on Innovation Park Priority Recommendations.

Statement of Issue:

This workshop item presents an assessment report from George Henry George Partners (Consultant on Innovation Park) with recommendations for further improvements at the Park. This item requests Board acceptance of the Consultant's report and approval of their priority recommendations (Attachment #1).

Background:

During their regular meeting on May 10, 2005, the Board of County Commissioners authorized the County Administrator to retain an outside consultant for an assessment of Innovation Park. The assessment was to include a) a review of Innovation Park's current practices, b) a review of the operations of other successful research parks across Florida and nationwide, and c) a set of recommendations on how to further improve success at Innovation Park. On June 14, 2005, the Board approved an agreement with George Henry George Partners for completion of the Innovation Park assessment report for a sum of \$25,000 (Attachment #2).

The Analysis Section, below, presents the Board with additional information regarding the creation and current operational status of Innovation Park. This section also presents the Board with an overview of the Consultant's assessment report on Innovation Park, including priority recommendations for further action by the Board and the LCRDA governing Board, as appropriate.

Analysis:

Historical Overview Regarding the Creation of Innovation Park:

In 1978, the Florida Legislature passed a law authorizing the creation of research and development authorities in the state. Section 159.701-159.7095, Florida Statutes, delineates how a county (or counties) may create, by ordinance, such an authority. According to statute, research and development authorities are created for the following specific purposes (Attachment #3):

- To promote scientific research and development in affiliation with one or more universities.
- To finance capital projects related to the establishment of a research and development park.
- To foster the economic development and broaden the economic base of a county.

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On October 24, 1978, the Charter of the Leon County Research and Development Authority (LCRDA) was executed thereby creating the authority in Leon County. Of the five "R & D" authorities created throughout the state of Florida, the LCRDA (Innovation Park's governing board) is the only such authority to have affiliated with more than one university. According to their Charter, the general purpose of the LCRDA is to operate, manage and control a research and development park (Innovation Park) within Leon County and in affiliation with the Florida State University (FSU) and the Florida Agricultural and Mechanical University (FAMU). The powers and duties of the LCRDA include the acquisition and leasing of park property and the development and implementation of a plan for the use of park lands. The LCRDA is also charged with advising the Board of County Commissioners on all subjects relating to the development and operation of Innovation Park (Attachment #4).

In 1980, the Leon County Board of County Commissioners adopted Ordinance No. 80-68, confirming the creation and existence of the LCRDA. Part of this Ordinance specified the membership and composition of the LCRDA Board establishing that there will be no less than five members. In accordance with this County ordinance, the LCRDA Board membership is to include two individuals recommended by the Presidents of FAMU and FSU, respectively, and other individuals from Leon County as resolved by the Board of County Commissioners (Attachment #5).

The LCRDA has adopted By-laws to govern their Board's operations and to further the management of Innovation Park. The By-laws detail the membership of the LCRDA Board and provide for the election of Chair and Vice-Chair, the duties of LCRDA Board officers and the employment of individuals to manage Innovation Park operations (Attachment #6).

Overview of Current Innovation Park Status:

The main Innovation Park campus is comprised of 238 contiguous acres. Park management reports that the Park's 208 acre main campus is held under a ninety-four (94) year lease from the State of Florida, as entered into in 1980. Originally undeveloped land, the LCRDA received grants from the state, county, city, private sector and universities to develop and complete initial road and other utilities infrastructure projects. Park management reports that the County was the 2nd largest initial contributor with a grant of \$760,000 to stimulate initial development at the Park.

The LCRDA Board membership is presently comprised of the following nine individuals:

1. Ray Eaton, LCRDA Chair, E Group Systems
2. Honorable Jane Sauls, LCRDA Vice Chair, Leon County Commissioner
3. Thomas Barron, LCRDA Secretary/Treasurer, President, Capital City Bank
4. Dr. Castelle Bryant, President, FAMU
5. Bill Sweeney, Office of the FSU Vice President for Research
6. Dr. Bill Law, President, Tallahassee Community College
7. Sylvia Jordan, Entrepreneur
8. Honorable Mark Mustian, Commissioner, City of Tallahassee
9. Mike Coburn, President, Talla-Tech, Inc.

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Ms. Jordan has recently indicated that she will not be seeking re-appointment for another term. As such, Innovation Park's Recommendation Committee is currently reviewing individuals to nominate to the Board of County Commissioners for appointment. It is anticipated that the work of this committee will be complete early this fall. In accordance with Ordinance #00-29, the recommendation will be forwarded to the Board for their review and appointment (Attachment #7).

Innovation Park is currently home to thirty (30) organizations that employ approximately 1,500 employees in fourteen (14) completed buildings. The Park reports that over 809,000 square feet of completed lab, office and production space are in use today. Of the 14 total buildings in the Park, the LCRDA owns eight (8), FSU owns two (2), and the State Board of Regents owns two (2). The two (2) remaining buildings are owned by private companies (Attachment #8).

The LCRDA is a self supporting enterprise with an annual budget of \$1.5 million and a fund balance of approximately \$3.8 million. Innovation Park currently owns over \$11.7 million in equity in their 8 buildings, combined. As presented in the attached audit and budget documentation, the Park is heavily reliant on the \$1.2 million in annual tenant lease revenues it generates from its buildings to support Park operations. To further enhance economic development at the Park, the LCRDA has budgeted a total \$145,000 this fiscal year, primarily for a new Technology Commercialization Grant Program intended to stimulate new investment in the Park (Attachment #9).

Innovation Park has Planned Unit Development (PUD) zoning and is a vested project with existing utilities, roads and related infrastructure in place for future development. The Park's covenants allow for tenancy by university, governmental, and private organizations that are engaged in research and development activities. The Park is also in the process of updating their Master Use Plan, which is expected to be complete before the end of the year.

Recent Board of County Commissioner Activities Relating to Innovation Park:

During the past two years, the Board of County Commissioners has remained very engaged in the furtherance of economic development activities and expanded use at Innovation Park. On April 29, 2003, the Board took a tour of the Park to review the Park's existing status and future development plans. At that time, the Board created a Task Force on Innovation Park, led by Dr. Bill Law, TCC President. The general mission of the Task Force was to prepare options and recommendations to the Board to insure the future development and success of the Park. The Task Force presented their findings during a Board Workshop on November 25, 2003. The Task Force recommendations included the following key parts (Attachment #10):

- Expanded LCRDA Board membership
- Initiation of an aggressive marketing campaign
- Increased role for higher education institutions at Park
- Creation of incentives for future business development at the Park
- Review/update of allowable land uses at the Park

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On January 13, 2004, the Board accepted the findings and recommendations of the Task Force on Innovation Park. At that time, the Board adopted Resolution #04-02, expanding the membership of the LCRDA to include the Mayor of Tallahassee and the President of Tallahassee Community College. This change signifies the last action taken by the Board to alter the level of representation, or membership, on the LCRDA (Attachment #11).

During the past year, there has been significant communitywide discussion regarding increasing development efforts at Innovation Park, including the potential construction of a new facility for a relocating, magnetic-based air conditioning manufacturer ("Project North"). In addition, there has also been an increased focus on the LCRDA's interpretation of "allowable" uses for further development at the Park and the need for creation of a business incubator to stimulate private sector investment. During the 2005 regular state legislative session, legislative action was considered to increase the level of FSU's representation on the LCRDA governing board, but was not approved. As further presented in the following section and attached assessment report (Attachment #1), each of these important issues were addressed in the Consultant's review of Innovation Park.

Priority Recommendations from Consultant's Assessment Report:

The Consultants have performed their assessment of Innovation Park over the past three months. During this time, members of the Consultant team have traveled repeatedly to Leon County to meet with Innovation Park staff, government officials, key business and community leaders and the presidents of each of our community's institutions of higher education. In addition, the Consultants have performed a comparative assessment of other top-performing university research parks across Florida and nationwide. George Henry George Partners has completed their final review and assessment of Innovation Park for the Board's review. At this time, staff recommends Board acceptance of the Consultant's report (Option #1 on Page #7).

Significantly, the Consultant's final report includes a series of recommendations intended to further stimulate positive development at Innovation Park. Each recommendation is intended for further action either by the Board of County Commissioners or the LCRDA governing board, as appropriate. Table #1, below, provides a brief overview of the Consultant's "first priority" recommendations. As detailed in the Consultant's report, these key requests are targeted for immediate implementation. This table also provides a description of which "oversight" group is most appropriately tasked for the further review and implementation of each recommended step (Attachment #1, Page #1).

TABLE #1: Consultant's "First Priority" Innovation Park Recommendations.

Recommendation:	Explanation:	Actionable "Oversight" Entity:
Enhanced "University" Role on the LCRDA Board	Expand the LCRDA Board from 9 to 12 members, to include 1 additional representative from FSU, FAMU and TCC, respectively.	Board of County Commissioners
Approve FSU "building" deal	Finalize ongoing negotiations to give FSU ownership of the buildings for which they have paid off the bonds and approve the transaction.	LCRDA

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Recommendation (continued):	Explanation:	Actionable "Oversight" Entity:
Supply Multi-Tenant Space	Create supply of multi-tenant technology company space.	LCRDA
Enhanced Park Staff role in Marketing	Terminate current outside marketing contract and enhance executive's role in marketing the Park "in-house."	LCRDA
Technology Commercialization/ Business Incubator	Create a technology business incubation and growth program at the Park, in close cooperation with the universities.	LCRDA

As presented in Table #1, one of the consultant's "first priority" recommendations can be acted upon immediately by the Board. That recommendation is to expand the membership of the LCRDA from nine (9) to twelve (12) members, to include one additional representative from FSU, FAMU and TCC, respectively. This recommendation is based upon the Consultant's finding that an increased "university" presence on the LCRDA governing body would likely result in a greater university buy-in to, and participation at, Innovation Park. The Consultants noted that active participation of universities at their research parks was a critical determinant of the park's success. The finding was that the limited number of university representatives on the LCRDA's current governing board (3 out of a total 9 members) had a negative impact upon engendering local university support of operations and development at Innovation Park. This concern regarding university buy-in and participation at the Park was supported by university representatives during the Consultant's outreach process.

To expand the membership of the LCRDA governing board, the Board of County Commissioners would only need to adopt a new resolution expanding the membership of this body. At this time, staff is recommending that the Board approve a resolution expanding the membership of the LCRDA from 9 to 12 members and to include one new representative from FSU, FAMU and TCC, respectively. Based upon the Board's direction, staff would prepare this resolution for adoption at an upcoming regular meeting of the Board (Option #2 on Page #7).

The remainder of the Consultant's recommendations are presented in "Section I" of their report. The Section I recommendations cover an array of issues and are collapsed into six general categories. The following section presents an overview of each main category and a brief, bulleted list of the recommendations within each grouping (for a full description, please refer to Attachment #1):

1. Organization, governance and staffing improvements:

- Prepare a new consensus mission statement for Innovation Park.
- Restructure the LCRDA (expanded University membership).
- Refocus LCRDA's activities/direction (less focus on real estate management).
- Create small Executive Committee for real estate transactions.
- Tighten County/LCRDA partnership (closer oversight of LCRDA by BoCC).
- Strengthen LCRDA senior staff (including an enhanced role in marketing the Park).

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2. Achieving the optimum university participation in the Park:
 - Improve anchor university tenancy within the Park.
 - Increase promotion of university assets at the Park.
 - Encourage joint research proposals by universities.
 - "Enlist" university faculty in marketing the Park.
3. Generating small technology business tenants (Business Incubator):
 - Create business incubator within the Park.
 - Consider LCRDA/BoCC "match" funding for the incubator.
 - Harvest university technology "grow-up" firms (those with \$1 million+ sales).
 - Create available multi-tenant "spec" space at the Park.
 - Clearly define "allowable" uses for businesses at the Park (similar to UCF or FAU).
 - Create seed or "angel" funding/investment system.
4. Accessing creative real estate strategies:
 - Expand anchor tenancy at the Park by universities (duplicate recommendation)
 - Build an incubator at the Park (duplicate recommendation)
 - Create tenant improvement grants
 - Submit an RFP for nationally recognized research park developer
5. Improving the physical Park and its access routes:
 - Achieve effective and attractive "wayfinding" signage.
 - Create quality tenant and employee services/amenities on-site.
 - Improve quality of visual environment at the Park.
 - Improve the transportation corridors accessing the Park.
 - New construction at the Park's main entrance.
6. Marketing the Park.
 - Make the marketing of the Park a primary staff function.
 - Improve tenant relations.
 - Discontinue outside public relations services contract.
 - Implement effective business incubator/technology commercialization program.
 - Correct the "serious lack" of building product available at the Park (duplicate rec.).
 - Improve relationships with local, regional, state and corporate marketing organizations.

As detailed above, each of these recommended "action steps" are to be undertaken by the LCRDA (primarily), the Board of County Commissioners, FSU, FAMU, TCC and other community partners toward the further improvement of Innovation Park. Once implemented, it is anticipated that these actions will directly result in the strengthening of operations at, and success of, Innovation Park.

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At this time, staff recommends that the Innovation Park management and governing board (LCRDA) review the findings of Consultant's report and prepare a comprehensive report to the Board of County Commissioners (for presentation before the end of 2005). Staff recommends that the LCRDA's report to the Board include an action plan toward implementation of each of the Consultant's "Section I" recommendations (Option #3, below).

Finally, it is recommended that the Board direct staff to coordinate with the LCRDA governing board and Innovation Park staff to monitor the implementation of the Consultant's recommended changes at the Park, as detailed in their final report. In addition, direction that staff provide executive assistance to the LCRDA, as needed, during this implementation process is recommended at this time (Option #4, below).

Options:

1. Accept Consultant's Assessment Report and Strategy Recommendations.
2. Direct staff to prepare an agenda item to expand the LCRDA membership to include one (1) additional representative from FSU, one (1) additional representative from FAMU and one (1) additional representative from TCC.
3. Request the LCRDA's preparation of a comprehensive report to the Board of County Commissioners, for presentation before the end of 2005, that outlines an action plan by the LCRDA for the implementation of each of the Consultant's "Section I" recommendations.
4. Direct staff to coordinate with the LCRDA and Innovation Park staff to monitor the implementation of the Consultant's recommendations and to provide executive assistance to the LCRDA, as needed, during the implementation process.
5. Do not accept the Consultant's Assessment Report and Strategy Recommendations.
6. Board direction.

Recommendation:

Options #1, #2, #3 and #4.

Attachments:

1. Consultant's Assessment Report and Strategy Recommendations for Innovation Park.
2. Agreement for Consulting Services with George Henry George Partners.
3. Section 159.701-159.7095, F.S.; "Research and Development Authorities."
4. LCRDA Charter
5. Leon County Ordinance #80-68; Confirming the creation and existence of the LCRDA.
6. LCRDA Bylaws
7. LCRDA Recommendation Committee Procedure Overview (Including Ordinance #00-29).
8. Innovation Park Information (from Website).
9. Sections from 2004 LCRDA Audit and Adopted Budget.
10. Task Force on Innovation Park Final Report to the Board dated November 25, 2003.
11. Resolution #04-02, expanding LCRDA membership to nine members (January 13, 2004).